

## Message Text

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PAGE 01 STATE 010228  
ORIGIN EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 COME-00 GSA-02 INT-05  
TRSE-00 /036 R

DRAFTED BY EB/ISM:WCLENAHAN:KAM  
APPROVED BY EB/ISM:WCLENAHAN, ACTING  
-----171639Z 067820 /53

P R 171627Z JAN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY KUALA LUMPUR PRIORITY  
INFO AMEMBASSY LONDON

UNCLAS STATE 010228

E.O. 11652: N/A

TAGS: EMIN

SUBJECT: BANK NEGARA REQUEST

REF: KUALA LUMPUR 0078; KUALA LUMPUR 0377

1. GSA SOLD 3,586 LONG TONS OF TIN METAL IN 1976, OF WHICH 1,060 LT WAS GRADE A TIN, 238 LT WAS GRADE B AND 2,288 WAS GRADE C.
2. AT YEAR END 1976, GSA HAD 2,663 LT AVAILABLE FOR SALE BUT NOT YET SOLD. OF THIS AMOUNT, 778 LT WAS GRADE B AND 1,885 LT WAS GRADE C TIN.
3. TOTAL QUANTITY OF TIN IN STOCKPILE AT YEAR END WAS 202,892 LT, OF WHICH 32,499 LT IS RESERVED FOR ESSENTIAL REQUIREMENTS; 2,663 LT IS AUTHORIZED FOR SALE; AND 167,730 LT IS EXCESS TO U.S. ESSENTIAL REQUIREMENT, BUT NOT AUTHORIZED FOR DISPOSAL.

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4. U.S. IMPORTED 1,458 LT OF TIN METAL FROM CPR THROUGH NOVEMBER, 1976. ESTIMATED IMPORTS FROM CPR FOR TOTAL YEAR IS 1,600 LT.
5. DOMESTIC TIN MARKET SITUATION, 1976--TIN PRICES BEGAN THE YEAR AT 309 CENTS PER POUND (METALS WEEK COMPOSITE PRICE) AND INCREASED STEADILY UNTIL REACHING 434 CENTS PER

POUND ON JULY 8. THE PRICES DECLINED SLIGHTLY AND RANGED AROUND 400 CENTS PER POUND UNTIL LATE OCTOBER WHEN AN UPWARD TREND WAS ESTABLISHED THEN REINFORCED WITH THE DECEMBER 10 INTERNATIONAL TIN COUNCIL PRICE RANGE INCREASE. THE BOLIVIAN GOVERNMENT'S ANNOUNCEMENT, LATE DECEMBER, THAT BOLIVIA WOULD NOT RATIFY THE FIFTH INTERNATIONAL TIN AGREEMENT ADDED FUEL TO A SPECULATIVE MARKET AND THE PRICE ENDED THE YEAR REMARKABLY STRONG AT 439 CENTS PER POUND. THE U.S. GOVERNMENT SALES PRICES (GSA) FOLLOWED MARKET TRENDS, STARTING THE YEAR AT 2.91 DOLLARS AND ENDING THE YEAR AT 4.39 DOLLARS.

6. THE IMPORTANT FACTORS INFLUENCING WORLD TIN MARKETS DURING 1976 WERE: (A) THE ITC'S CONTINUANCE OF EXPORT CONTROLS ON MEMBER PRODUCING NATIONS UNTIL JUNE 30, 1976 - LONG AFTER PRICES HAD REBOUNDED TO PROFITABLE LEVELS - THEREBY MAKING MORE SEVERE THE TIN SHORTAGE WHICH BECAME APPARENT IN MID-1976; (B) THE ITC'S UPWARD REVISION OF FLOOR AND/OR CEILING PRICES IN MARCH, MAY AND DECEMBER THEREBY INCREASING FLOOR PRICES OVERALL BY 23 PERCENT AND CEILING PRICES BY 32.5 PERCENT; AND (C) BOLIVIA'S CONTINUING REFUSAL TO RATIFY THE FIFTH ITA WHICH HAS HAD A DESTABILIZING AFFECT ON INTERNATIONAL TIN MARKETS. KISSINGER

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## Message Attributes

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